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11 Attorneys for Plaintiffs

12 UNITED STATES DISTRICT COURT
13 SOUTHERN DISTRICT OF CALIFORNIA
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16 SINDICATO DE EMPLEADOS Y
17 TRABAJADORES DE LA INDUSTRIA,
18 EL CAMPO Y EL COMERCIO DEL
19 ESTADO 29 C.R.O.M., a Mexican labor
20 union, and SINDICATO NUEVA
21 GENERACION DE TRABAJADORES
22 DE BAJA CALIFORNIA C.R.O.C., a
23 Mexican labor union;

24 Plaintiffs,

25 v.

26 CREDIT MANAGERS ASSOCIATION
27 OF CALIFORNIA, INC., dba CMA
28 BUSINESS CREDIT SERVICES, a
California non-profit corporation,

Defendant.

Case No.

**DECLARATION OF FRANCISCO ELORZA –
REPRESENTATIVE OF RESINAS LAGUNA,
S.A. DE C.V.**

1 I, Francisco Elorza, declare:

2 1. I am over 18 years of age. I speak fluent English. I have personal knowledge of
3 all facts stated in this declaration and if called to testify, I could and would testify competently
4 and truthfully to them in a United States court of law.

5 2. I am one of the two shareholders in Resinas Laguna, S.A. de C.V. ("Resinas
6 Laguna") and have the authority to sign this declaration on behalf of the company. The only

1 other shareholder of Resinas Laguna is a Mexican company known as Alissimo, S.A. de C.V.
2 (“Alissimo”).

3 3. Resinas Laguna is a Mexican corporation that was incorporated on June 23, 2004,
4 under the laws of the State of Baja California, United States of Mexico. It is in the business of
5 manufacturing polyurethane resins for the construction industry in Mexico and sells its products
6 primarily in the United States.

7 4. Resinas Laguna has approximately 19 employees that work in its facilities located
8 in Baja California, Mexico. The employees are affiliated with a Mexican labor union called
9 SINDICATO NUEVA GENERACION DE TRABAJADORES DE BAJA CALIFORNIA
10 C.R.O.C.

11 5. In times past, two of Resinas Laguna’s major customers were United States
12 companies called FlexTrim California, Inc. and FlexTrim North Carolina, Inc (together
13 “FlexTrim”). Resinas Laguna sold and delivered the majority of its manufactured product to
14 FlexTrim warehouses in California and North Carolina.

15 6. The year 2007 was a very bad year for the business of Resinas Laguna. Because
16 of a major downturn in the construction industry in the United States, demand for our products
17 took a sharp decline. Also, our major client FlexTrim became insolvent and unable to pay us for
18 products that we had already manufactured, sold and delivered to them. As a result, we built up a
19 large account receivable for FlexTrim that still remains unpaid today. In total, FlexTrim
20 California, Inc. owes Resinas Laguna \$217,490.53 and FlexTrim North Carolina, Inc. owes
21 \$385,221.21.

22 7. Because of its insolvency, I understand that FlexTrim assigned its assets to a
23 company called CMA Business Credit Services (“CMA”) who in turn liquidated FlexTrim’s
24 assets to pay off creditors. I also understand that CMA now holds a substantial amount of cash
25 for the benefit of FlexTrim creditors.

26 8. Around the middle of 2007, I received written notice from CMA stating that
27 Resinas Laguna was entitled to file a proof of claim, formally establish itself as a priority creditor
28 of FlexTrim and permit it to receive payment for the large account receivable balance owed. On

1 July 6, 2007, I submitted two proof of claims to CMA on behalf of Resinas Laguna: one to
2 FlexTrim California, Inc., in the amount of \$217,490.53 and the other to FlexTrim North
3 Carolina, Inc., in the amount of \$385,221.21. To this date, Resinas Laguna has not received
4 payment for the above amounts. Attached hereto as Exhibits A and B respectively are true and
5 correct copies of the proof of claim forms that I submitted to CMA.

6 9. Because of the downturn in business in 2007 and because of the insolvency of our
7 major client FlexTrim, Resinas Laguna has itself become insolvent and cannot pay large sums of
8 money that are owed to its employees. Nueva Generacion, the labor union the represents the
9 interests of the Resinas Laguna employees, has contacted Resinas Laguna about the unpaid wages
10 but the company does not have cash or assets in Mexico to pay the wages. As of December,
11 2007, Resinas Laguna owes its employees approximately \$209,420.00 in back wages and
12 benefits.

13 10. Around December 13, 2007, I received notice that the NUEVA GENERACION
14 labor union filed a petition in a Mexican court in Tijuana claiming unpaid wages. That same day
15 I received notice that the Mexican court issued an order freezing all the assets of Resinas Laguna
16 and giving the employees a priority interest to the payment of back wages.

17 11. The only major asset of Resinas Laguna that remains today and the only major
18 asset that can satisfy the claims of the Resinas Laguna employees is the large receivable balance
19 owed by FlexTrim.

20 12. In or around June 2007, I became aware of a divorce proceeding taking place in
21 the San Bernardino Superior Court between Allen Jones and Mary Kay Jones, the owners of
22 FlexTrim.

23 13. On or after May 22, 2007, I learned that the San Bernardino Superior Court issued
24 an order joining Resinas Laguna in the divorce proceeding and appointing a man by the name of
25 Dennis M. Murphy as a temporary receiver with full power over Resinas Laguna and other
26 entities that may be affiliated with Resinas Laguna. It is my understanding that the San
27 Bernardino Superior Court found that either Allen or Mary Kay Jones or both owned an interest
28 in Resinas Laguna.

1 14. Neither Allen Jones nor Mary Kay Jones was ever a shareholder of Resinas
2 Laguna. The ownership has never changed since the Articles of Incorporation and Bylaws were
3 made on in July of 2004.

4 15. Prior to the San Bernardino Superior Court's order freezing the assets of Resinas
5 Laguna, neither I nor Resinas Laguna ever received any notice of any kind that its assets were
6 implicated in the divorce case. Likewise, neither I nor Resinas Laguna ever received any prior
7 notification that a receiver had been appointed to take possession and control of our assets. In
8 fact, the very first time that I learned of the order freezing our assets was when I received a
9 written notification from our bank that our account had been frozen and control given to a
10 receiver. Sometime after that, the receiver arrived and took possession and control of at our U.S.
11 warehouse located in San Ysidro, California.

12 I declare under penalty of perjury under the laws of the State of California that the
13 foregoing is true and correct.

14 Executed this 17th day of December, 2007 at Tijuana, Baja California, United States of Mexico.

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18 FRANCISCO ELORZA
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